



United States Representative

**ROSA DELAURO**

Representing the Third District of Connecticut

# THE EXPANDED AND IMPROVED CHILD TAX CREDIT IN 2021:

A LIFELINE FOR THE WORKING CLASS & THE LARGEST MIDDLE-  
CLASS TAX CUT WE HAVE SEEN IN GENERATIONS

The expanded and improved Child Tax Credit – based on the American Family Act, included in the American Rescue Plan – helped the families of 61 million children in the United States by:

- **Increasing the value of the Child Tax Credit** from \$2,000 to \$3,000 for children six to 17, with an additional \$600 for each child under the age of six for a total of \$3,600.
- **Making the Child Tax Credit fully refundable** by removing a rule limiting the refundable portion to \$1,400 and by removing the earnings requirement, which excluded one-third of children from the full credit.
- **Delivering payments monthly** starting July 2021 and by December 2021, the Department of Treasury and the Internal Revenue Service (IRS) distributed nearly \$93 billion dollars in Child Tax Credit payments to families.
- **Extending the Child Tax Credit to the U.S. Territories for the first time in history.** Prior to the American Rescue Plan, only 10 percent of children and their families in Puerto Rico were eligible. Now 97 percent of families are eligible in Puerto Rico, with children, and the remaining Territories that were left behind from the Child Tax Credit also made eligible.





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## Who did the 2021 Expanded and Improved Child Tax Credit help?

**Reached more than  
61 million children**

**Lifted nearly 4  
million children  
out of poverty**

Includes an estimated 4 million children who live with grandparents, 1.6 million of who did not have parents in the household.

**26 percent  
decline**  
in hunger

Provided needed financial support that helped families pay for essentials, like **food, housing, gas, phone, electricity, internet bills, and child care.**



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How did families use the Child Tax Credit  
and how would it help now?

## **Provides for Families' Basic Needs**

The Census Household Pulse survey consistently reported that families used the Child Tax Credit to afford basic needs like child care, medicine, healthcare, purchasing food, and covering housing expenses, including mortgage, rent, or utilities payments.

## **Helps Families Meet the Rising Cost of Living**

Low-income families are the ones hardest hit by the rising cost of gas, food, and housing. The Child Tax Credit ensures they can continue to afford the cost of living and keep food on the table for their families.

## **Decreases Food Insufficiency**

Food insufficiency decreased by 26 percent among low-income households following the monthly Child Tax Credit payments.



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# The Child Tax Credit's Return on Investment

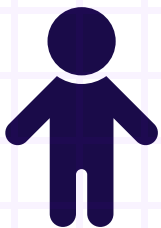
Columbia University's Center on Poverty and Social Policy found that a permanent expanded Child Tax Credit returns \$8 for every \$1 and that taxpayers will actually earn back 84 cents for every dollar invested.

## THE EVIDENCE SHOWS:



Children will learn more and earn more later in life, leading to increases in tax payments.

Children are less likely to be neglected, leading to decreases in child protection costs.



Children are less likely to end up participating in criminal activity, leading to savings in costs of law enforcement.

Children are likely to be healthier, leading to decreased health care costs.



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Even the parents of children are likely to be healthier, leading to further decreases in health care costs. In fact, scholars have found that such a policy leads to reductions in drinking and smoking among parents of recipients.